

Exhibit B

The anti-Spotify: How online music company Bandcamp became the toast of the COVID age

 [inquirer.com/business/bandcamp-spotify-covid-artists-apple-music-pandora-youtube-20200924.html](https://www.inquirer.com/business/bandcamp-spotify-covid-artists-apple-music-pandora-youtube-20200924.html)

Business

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Sun Ra, from the late Philly-based artist's Bandcamp page.[Read more](#)Sun Ra LLC

by Randall Roberts, Tribune News Service

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Like thousands of artists, Nashville singer and songwriter Emma Swift faced a reckoning in March after all of her gigs were scrapped.

“When the pandemic hit, I lost my job as a touring musician. And in losing that job, I lost my primary income stream,” she said during a recent phone call. Pondering the prospect of releasing *Blonde on the Tracks*, her new folk-rock album of Bob Dylan songs, to major music streaming services minus any sense of when she’d be able to tour in support of it, Swift ran the numbers.

“It wasn’t actually going to be financially sensible or sustainable for me to release it on mainstream streaming platforms such as Spotify or Apple,” Swift explained. “I was only going to be able to survive as an artist if I used a platform that would allow me to make money from the record.”

Like a skyrocketing number of independent artists, Swift went with Bandcamp. The platform, with its artist-first business model, has since its birth in 2008 become a player in the music streaming wars by celebrating niche communities while promising a radically transparent approach to royalties.

Born in Oakland with profits in part from the sale of an email start-up company, Bandcamp has thrived during a moment when the challenges facing musicians couldn't be greater. Starved of road money and feeling abused or ignored by major services such as Spotify, Apple Music, Pandora and YouTube that pay fractions of a penny per spin, artists have flocked to Bandcamp and fans have followed. Launched as a digital music site, it has since become a merchandising powerhouse, connecting listeners with vinyl, CDs, cassettes and T-shirts.

Underscoring musicians' needs, Bandcamp announced in March that once monthly, on each first Friday through the end of 2020, it would forgo its regular 15% cut on digital sales (and 10% cut of physical sales), in effect channeling 100% of money directly from fan to artist, often with as little as a two-day turnaround. Since then, fans have paid artists nearly \$100 million.

All told, according to a tally prominently displayed on Bandcamp's landing page, the platform has generated \$584 million for artists since 2008.

“Spotify didn’t do anything to actually improve the financial situation for musicians out of their own pocket,” Swift said. Indicting Spotify’s billionaire co-founder and chief executive Daniel Ek as what she called “a morally reprehensible human being,” she added, “the music industry is in a really unfortunate situation where artists feel like they have to use those platforms or they’re not going to get their music heard.”

Bandcamp, by comparison, was founded on a basic question, says 49-year-old co-founder and chief executive Ethan Diamond. “If I love a piece of music, how do I get as close as possible to directly handing the artist some money? How do I do that and create that relationship with them?” He then repeats a mantra he’s recited in countless interviews: “Our success is tied to the artist’s success. We only make money if the artist makes a whole lot more.”

That approach has made it the rarest of tech companies: a beloved business that upends the market while coming across like some combination of consummately curated record store, laudably progressive nonprofit group, and supersize first-generation music blog.

How did Bandcamp become the only music platform that everyone likes?

For starters, it's a low bar, says digital music consultant Mark Mulligan of Britain-based media research company Midia Research. "Bandcamp has a lot of momentum and a lot of love, but that has as much to do with the weaknesses of streaming as it has to do with the strength of Bandcamp." For one, unlike corporate-owned platforms such as Apple Music and Spotify, the latter of which is partially owned by the three major labels, the connection between musician and fan is virtually direct through Bandcamp.

That's been essential since the arrival of the coronavirus. "Before the pandemic, an artist might not have made much money from streams, but the potential to reach hundreds of thousands of potential ticket buyers in advance of shows made the math work," Mulligan said.

"The more people that could hear your music meant more people at concerts, meant more people buying merch, and everybody's happy. Take live out of the equation, and suddenly it doesn't really add up," he added. As the plight of their favorite musicians spread across social media, fans were eager to help.

"That's exactly what Bandcamp has tapped into. People will go support their favorite artists on Bandcamp because they know they are making a statement of support," Mulligan said.

It doesn't hurt when Spotify's Ek seems to blame artists for the oft-minuscule checks sent out by Spotify. In August, he took heat for stating that "some artists that used to do well in the past may not do well in this future landscape, where you can't record music once every three to four years and think that's going to be enough."

The company Ek founded hasn't hidden his larger intentions to move beyond music streaming and into podcasting, a not-so-subtle suggestion that he's less concerned with increasing musicians' fan bases than maneuvering into a realm where music is merely one vertical of a larger audio service.

One measure of Bandcamp's virtuous circle? Well-aware that their favorite artists could be struggling right now, more than 40% of buyers pay more than asking price at checkout. According to Bandcamp, which has 76 employees, in the last year fans have used the platform to buy 5 million digital albums, 2 million tracks, 1 million vinyl albums, 600,000 CDs, 300,000 cassettes and 250,000 T-shirts.

Diamond cofounded the company with programmers Shawn Grunberger, Joe Holt, and Neal Tucker, and it is owned primarily by Diamond, Grunberger and Bandcamp employees. Aside from a round of venture capital in 2007 and 2008, the company hasn't taken any money and has been profitable since 2012. It's grown every year since. Over the last 30 days, Diamond says, year-over-year sales have shot up by 122%.

A feast of music, the platform is the closest thing to crate-digging that the digital music sector has yet invented. Righteously egalitarian, the site has a focus that has long been on exploration instead of competition. Where Spotify, Apple Music and Tidal emphasize the

most popular tracks and albums through high-profile charts and playlists, Bandcamp's charts are more diffuse.

That's intentional, Diamond says. Calling bestsellers charts "self-reinforcing," he believes that "a lot of times it just tells you where marketing dollars were spent, and that's less interesting to me."

Instead, Bandcamp encourages listeners to browse not by popularity or taste-making playlists, but by picking a subgenre, format, fan, label, location or some combination thereof. Unlike Soundcloud, which has generated its own rap subgenre, there's not a Bandcamp sound. Songs don't go viral on the platform. Rather, buyers swap tips, share purchases on social media, or snatch up exclusives when artists send a Bandcamp alert.

"I have thousands of Bandcamp followers and people love the rarities," said acclaimed indie rock singer, songwriter and guitarist Shamir Bailey, who performs as Shamir. "I feel like if you're a Bandcamp follower, you're a music nerd." On Bandcamp Fridays since the pandemic started, the charismatic artist has been releasing songs and unreleased demos. He keeps them up for a day then pulls them down.

Shamir says that a few days after those Fridays, anywhere from a few hundred dollars to \$1,500 has landed in his bank account. Those single-song, one-day Bandcamp sales are equivalent to a month's worth of spins on Spotify. Sighing, he added: "But we all know this. It's not big news."

For Swift, her *Blonde on the Tracks* gambit has paid dividends. "We sell an extraordinary amount of records on Bandcamp Friday," said Swift, who shares a home with the British singer-songwriter Robyn Hitchcock. "It's enough for me to pay for a month's worth of groceries. It keeps lights on in my house." The Friday before she released *Blonde on the Tracks* in mid-August, she earned \$1,400 in pre-orders through the platform. She earned \$1,500 more on the first Friday of September.